

PALOMAR AIRPORT ADVISORY COMMITTEE
Thursday, August 16, 2012
AGENDA ITEM #9

PALOMAR AIRPORT FUEL LLC AND
PALOMAR AIRPORT CENTER LLC (DBA PREMIER JET)
AMENDMENTS TO AVIATION LEASES
NEGOTIATED RENTAL ADJUSTMENTS

BACKGROUND

On December 11, 2002, the Board of Supervisors approved five thirty-year aviation leases with Palomar Airport Fuel LLC and Palomar Airport Center LLC (collectively DBA Premier Jet) a full-service Fixed Base Operator at McClellan-Palomar Airport. These leases include 0.48-acres used for fuel facilities (Lease 1), and 1.82 acres used for auto parking (Lease 5), both of which are due for negotiated rent adjustment in 2013. Lease 5 is located over closed landfill and requires more pavement maintenance than Premier Jet's non-impacted leaseholds and, as such, has a lower base rent per acre.

These leases have been amended previously to extend term, to implement negotiated rental adjustments, and to provide rent abatement during the Palomar Airport runway improvement project.

PROPOSED AMENDMENTS

As is standard for County Airports' leases, these leases provide for negotiated rent adjustment every five years based on appraisal. County proposed rent adjustments based on rates recommended by independent appraisal, as recommended by PAAC in April 2011 and approved by the Board in June 2011, trended forward as indicated by the consumer price index and reviewed for comparability with other rent increases at the Airport. The parties have agreed to a proposed 5.4% increase in rent for each of these leases. This percentage increase is identical to the increases for Civic Helicopters (recommended by PAAC in April 2012) and BVP (recommended by PAAC in May 2012). The proposed rents are as summarized below:

LEASE 1 - Third Amendment to Aviation Lease (Contract Number 75627R)

The proposed Third Amendment to this Lease will amend the rental section to reflect the negotiated market rent of \$2,356.25 per acre per month (non-landfill impacted ground lease rate effective June 11, 2013). Premier Jet currently pays \$1,072.76 per month in base rent for this Lease. Approval of the proposed amendment will raise the base monthly rent to \$1,131.00, an increase of \$58.24 or 5.4%.

LEASE 5 - Fourth Amendment to Aviation Lease (Contract Number 75631R)

The proposed Fourth Amendment to this Lease will amend the rental section to reflect the negotiated market rent of \$1,846.15 per acre per month (landfill impacted ground lease rate effective June 11, 2013). Premier Jet currently pays \$3,187.80 per month in base rent for this Lease. Approval of the proposed amendment will raise the base monthly rent to \$3,360.00, an increase of \$172.20 or 5.4%.

The base monthly rent for each lease will be subject to annual cost of living adjustments and rent renegotiation in five years as is standard.

Recommended Motion

“Palomar Airport Advisory Committee recommends that the Board of Supervisors approve the Third Amendment to Aviation Lease between the County of San Diego and Palomar Airport Fuel LLC (County Contract Number 75627R) and the Fourth Amendment to Aviation Lease between the County of San Diego and Palomar Airport Center LLC (County Contract Number 75631R)”